

293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

Operational Summary

Description:

The Workers' Compensation Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

At a Glance:

| | |
|---|------------|
| Total FY 2003-2004 Projected Expend + Encumb: | 39,832,964 |
| Total Recommended FY 2004-2005 Budget: | 47,791,962 |
| Percent of County General Fund: | N/A |
| Total Employees: | 10.00 |

Strategic Goals:

- It is the goal of the self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy compliments current departmental efforts to reduce the total cost of workers' compensation and liability claims.

Key Outcome Indicators:

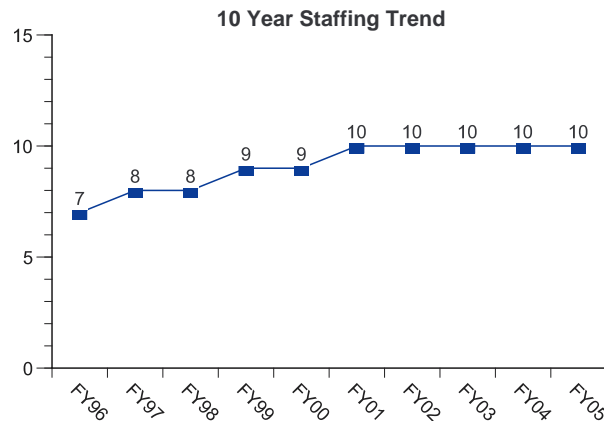
| Performance Measure | 2003 Business Plan Results | 2004 Business Plan Target | How are we doing? |
|--|--|---|--|
| RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments. | The overall cost of this statutory benefit program was less than 1% of total county expenditures (.99%). | Remain less than 1% of total county expenditures. | Safety and Workers' Compensation Program costs for FY 2002-2003 were just under 1% of total county expenditures. |

FY 2003-2004 Key Project Accomplishments:

- Completed Intranet application for county employee's use, increased use of technology, increased support services to employees, and reduced printing costs. All safety and workers' compensation forms as well as resource guides are now available to staff on-line.
- Active support of Board of Supervisors' efforts for legislative reform of workers' compensation law.
- Charges to county departments for this program were 60% of what comparable commercial insurance coverage would have cost.

WORKERS' COMPENSATION ISF - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- Overall expansion and increasing claims administration responsibilities of the program required program adjustments and increased technology to meet new challenges with level staffing.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and Strategic Financial Plan.

Proposed Budget and History:

| Sources and Uses | FY 2002-2003 Actual | FY 2003-2004 Budget As of 3/31/04 | FY 2003-2004 Projected ⁽¹⁾ At 6/30/04 | FY 2004-2005 Recommended | Change from FY 2003-2004 Projected | |
|--------------------|------------------------|---|--|-----------------------------|---------------------------------------|---------|
| | | | | | Amount | Percent |
| Total Positions | - | 10 | 10 | 10 | 0 | 0.00 |
| Total Revenues | 35,593,227 | 42,515,665 | 39,836,365 | 47,793,602 | 7,957,237 | 19.97 |
| Total Requirements | 35,593,227 | 42,524,515 | 39,835,771 | 47,793,602 | 7,967,831 | 20.00 |
| Balance | 0 | (8,850) | 594 | 0 | (594) | -100.00 |

(1) Requirements include prior year encumbrances and expenditures. Therefore, the above totals may not match FY 2003-2004 projected requirements included in "At a Glance" (Which exclude these).

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page 611.

Highlights of Key Trends:

- Employee injury rates (8.2/100) continue to be below those of the average public entity loss history (8.4/100). However, this rate is slowly increasing.
- Costs of workers' compensation are being elevated sharply by legislated rate increases. Without additional legislative reform, this trend will continue.

293 - WORKERS' COMPENSATION ISF

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2004 - 2005

| Operating Detail (1) | | 2002-2003 Actual (2) | 2003-2004 Estimate (3) | 2004 - 2005 Proposed Budget (4) | 2004 - 2005 Final Budget (5) |
|--------------------------------------|--|----------------------------|------------------------------|---------------------------------------|------------------------------------|
| Operating Income | | | | | |
| 7710 | Insurance Premiums | 34,781,916 | 39,242,856 | 43,547,015 | 43,547,015 |
| Total Operating Income | | 34,781,916 | 39,242,856 | 43,547,015 | 43,547,015 |
| Operating Expense | | | | | |
| Salaries & Benefits | | | | | |
| 0100 | Salaries And Wages | 134,384 | 0 | 0 | 0 |
| 0101 | Regular Salaries | 532,472 | 543,417 | 577,902 | 577,902 |
| 0102 | Extra Help | 11,968 | 0 | 0 | 0 |
| 0103 | Overtime | 2,262 | 2,639 | 5,000 | 5,000 |
| 0104 | Annual Leave Payoffs | 0 | 4,200 | 10,000 | 10,000 |
| 0105 | Vacation Payoff | 3,402 | 0 | 40,000 | 40,000 |
| 0110 | Performance Incentive Pay | 2,055 | 3,868 | 0 | 0 |
| 0200 | Retirement | 41,162 | 60,980 | 77,590 | 77,590 |
| 0204 | County Paid Executive Deferred Compensation Plan | 3,106 | 3,172 | 3,182 | 3,182 |
| 0301 | Unemployment Insurance | 765 | 877 | 858 | 858 |
| 0305 | Salary Continuance Insurance | 1,494 | 1,530 | 1,522 | 1,522 |
| 0306 | Health Insurance | 54,561 | 65,786 | 76,512 | 76,512 |
| 0308 | Dental Insurance | 2,744 | 2,750 | 2,736 | 2,736 |
| 0309 | Life Insurance | 518 | 463 | 444 | 444 |
| 0310 | Accidental Death And Dismemberment Insurance | 101 | 101 | 84 | 84 |
| 0319 | Other Insurance | 4,523 | 4,368 | 4,368 | 4,368 |
| 0352 | Workers Compensation - General | 18,084 | 17,190 | 20,632 | 20,632 |
| 0401 | Medicare | 3,679 | 4,002 | 4,033 | 4,033 |
| Total Salaries & Benefits | | 817,281 | 715,343 | 824,863 | 824,863 |
| Services & Supplies | | | | | |
| 0700 | Communications | 0 | 0 | 6,000 | 6,000 |
| 0701 | Telephone/Telegraph - Interfund Transfer | 3,079 | 6,000 | 0 | 0 |
| 1100 | Insurance | 6,075 | 0 | 0 | 0 |
| 1300 | Maintenance - Equipment | 991 | 1,500 | 1,500 | 1,500 |
| 1600 | Memberships | 285 | 390 | 1,000 | 1,000 |
| 1800 | Office Expense | 5,404 | 6,792 | 20,000 | 20,000 |
| 1801 | Duplicating Services (RDMD/Reprographics) | 6,767 | 3,224 | 0 | 0 |
| 1803 | Postage | 1,200 | 1,500 | 0 | 0 |
| 1809 | Minor Office Equipment To Be Controlled | 9,901 | 1,592 | 0 | 0 |
| 1900 | Professional And Specialized Services | 1,899,121 | 2,415,403 | 2,522,846 | 2,522,846 |

Operation of Internal Service Fund 293

Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

| Operating Detail (1) | | 2002-2003 Actual (2) | 2003-2004 Estimate (3) | 2004 - 2005 Proposed Budget (4) | 2004 - 2005 Final Budget (5) |
|---|--|----------------------------|------------------------------|---------------------------------------|------------------------------------|
| 1911 | CWCAP Charges | 123,003 | 139,103 | 43,568 | 43,568 |
| 2100 | Rents And Leases - Equipment | 385 | 0 | 2,000 | 2,000 |
| 2200 | Rents And Leases - Buildings And Improvements | 5,570 | 6,364 | 6,000 | 6,000 |
| 2400 | Special Departmental Expense | 615 | 1,000 | 10,000 | 10,000 |
| 2405 | Optional Benefit Plan | 8,575 | 9,500 | 8,496 | 8,496 |
| 2600 | Transportation And Travel - General | 0 | 0 | 15,000 | 15,000 |
| 2601 | Private Auto Mileage | 449 | 600 | 0 | 0 |
| 2602 | Garage Expense | 18,446 | 14,400 | 0 | 0 |
| 2700 | Transportation And Travel - Meetings/Conferences | 3,932 | 10,000 | 10,000 | 10,000 |
| 2890 | Intra-Agency Services & Supplies Billing Offsets | (18,084) | (17,190) | (20,632) | (20,632) |
| Total Services & Supplies | | 2,075,714 | 2,600,178 | 2,625,778 | 2,625,778 |
| Other Charges | | | | | |
| 3520 | Insurance Claims * | 32,668,095 | 36,484,117 | 44,301,321 | 44,301,321 |
| Total Other Charges | | 32,668,095 | 36,484,117 | 44,301,321 | 44,301,321 |
| Miscellaneous | | | | | |
| 5300 | Depreciation | 1,640 | 1,640 | 1,640 | 1,640 |
| Total Miscellaneous | | 1,640 | 1,640 | 1,640 | 1,640 |
| Total Operating Expenses | | 35,562,730 | 39,801,278 | 47,753,602 | 47,753,602 |
| Total Operating Income (Loss) | | (780,814) | (558,422) | (4,206,587) | (4,206,587) |
| Non-Operating Revenue | | | | | |
| 6610 | Interest | 430,973 | 353,313 | 400,000 | 400,000 |
| 7670 | Miscellaneous Revenue | 363,616 | 235,155 | 300,000 | 300,000 |
| 7680 | Six-Month Expired (Outlawed) Checks | 839 | 0 | 0 | 0 |
| Total Non-Operating Revenue | | 795,429 | 588,468 | 700,000 | 700,000 |
| Non-Operating Expenses | | | | | |
| 1912 | Investment Administrative Fees | 30,497 | 32,384 | 40,000 | 40,000 |
| Total Non-Operating Expenses | | 30,497 | 32,384 | 40,000 | 40,000 |
| Net Non-Operating Income (Loss) | | 764,932 | 556,084 | 660,000 | 660,000 |
| Income (Loss) Before Contributions & Transfers ** | | (15,883) | (2,338) | (3,546,587) | (3,546,587) |
| Statement Of Changes In Net Assets - Unrestricted | | | | | |
| Income (Loss) Before Contributions & Transfers | | (15,883) | (2,338) | (3,546,587) | (3,546,587) |
| 7810 | Intrafund Transfers In - From Fund 100 | 0 | 0 | 3,544,353 | 3,544,353 |
| Changes To Reserves - Encumbrance - (Inc.)/Dec. | | 14,243 | 1,292 | 0 | 0 |
| Changes To Reserves - Net Assets, Invested In Capital Assets, Net Of Related Debt - (Inc.)/Dec. | | 1,640 | 1,640 | 1,640 | 1,640 |
| Increase (Decrease) In Net Assets - Unrestricted | | 0 | 594 | (594) | (594) |

Operation of Internal Service Fund 293

Operational Statement for the Fiscal Year 2004 - 2005 (Continued)

| Operating Detail (1) | 2002-2003 Actual (2) | 2003-2004 Estimate (3) | 2004 - 2005 Proposed Budget (4) | 2004 - 2005 Final Budget (5) |
|---|----------------------------|------------------------------|---------------------------------------|------------------------------------|
| Net Assets - Unrestricted - Beginning Of Year | 0 | 0 | 594 | 594 |
| Net Assets - Unrestricted - End Of Year | 0 | 594 | 0 | 0 |

* Note - The County Has Adopted A Policy Of Including In The Fiscal Year-End Expense Accruals An Amount Equal To Claims "Incurred But Not Reported" (IBNR) As Well As Reported Claims

** Note - Loss Before Contributions & Transfers Is Offset By Net Assets - Unrestricted Carried Forward From Previous Fiscal Year.